

Message Text

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PAGE 01 PEKING 00766 210906Z
ACTION EA-12

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FM USLO PEKING
TO SECSTATE WASHDC 0189
INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 0766

FOR EA/PRCM AND CA/SCS

E.O. 11652: N/A
TAGS: CFED CH HK EEWT
SUBJ: FEDERAL PAYMENTS TO PRC RECIPIENTS

REF: A) 77 STATE 118528

1. SUMMARY: WHILE TREASURY DEPARTMENT REGULATION, CIRCULAR 655, PROHIBITS THE TRANSMITTAL OF UNITED STATES TREASURY CHECKS TO PRIVATE RECIPIENTS IN THE PRC, THERE DOES SEEM TO BE CONSIDERABLE DIFFERENCE AMONG USG AGENCIES ON THE INTERPRETATION OF THE REGULATION. THE INTERNAL REVENUE SERVICE SENDS REFUND CHECKS TO US TAXPAYERS AT THEIR PRC MAILING ADDRESSES. THE VETERANS ADMINISTRATION STATES THAT PRC RESIDENTS CAN RPT CAN DEPART THE PRC TEMPORARILY FOR THE PURPOSE OF PICKING UP VA BENEFITS CHECKS. THE VA ALSO ADVISES THAT US CITIZENS ARE NOT AFFECTED BY THE RESTRICTIONS OF CIRCULAR 655. FINALLY, THE SOCIAL SECURITY ADMINISTRATION HAS DECLINED TO MAIL A BENEFITS CHECK TO A USLO DEPENDENT BENEFICIARY AT THE STATE DEPARTMENT ADDRESS BECAUSE THE BENEFICIARY IS A "RESIDENT" OF THE PRC. USLO REQUESTS THE DEPARTMENT REVIEW THE RESTRICTIONS OF CIRCULAR 655 WITH THE TREASURY AND ADVISE USLO OF THE RESULTS OF THE REVIEW. END SUMMARY.

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2. PARA 2 REFTTEL STATES THAT FOREIGN ASSETS CONTROL REGULATIONS (FACR), EFFECTIVE 12/17/50, PRECLUDES ALL PAYMENTS, INCLUDING FED GOVT AGENCY BENEFIT PAYMENT CHECKS, TO PRC BENEFICIARIES EVEN IF THEY TEMPORARILY LEAVE THE PRC TO RECEIVE BENEFIT CHECKS. A SEPARATE BUT RELATED TREASURY REGULATION (CIRCULAR NO. 655)

PREVENTS PAYMENT TO PERSONS RESIDING IN COUNTRIES WHERE IT IS DETERMINED THAT THERE IS NOT A REASONABLE ASSURANCE THAT THE PAYEE WILL ACTUALLY RECEIVE THE CHECK AND BE ABLE TO NEGOTIATE IT FOR FULL VALUE. THE TREASURY HAS DETERMINED THAT THE PRC IS SUCH A COUNTRY. THEREFORE NO TREASURY CHECK CAN BE MAILED TO A RECIPIENT LIVING IN THE PRC AND CHECKS SHOULD NOT BE DELIVERED TO BENEFICIARIES WHO EXIT THE PRC TEMPORARILY TO PICK UP CHECKS IN HONG KONG OR MACAU.

3. IN OCTOBER 1975, USLO RECEIVED A LETTER FROM A VETERANS ADMINISTRATION ADJUDICATIONS OFFICER WHICH ALSO SOURCES THE TREASURY DEPARTMENT AS SAYING THAT, "BENEFICIARIES RESIDING IN THE PEOPLE'S REPUBLIC OF CHINA, AS WELL AS OTHER LISTED COUNTRIES (COUNTRIES LISTED IN CIRCULAR NO. 655), ARE NOT BARRED FROM RECEIVING GOVERNMENT PAYMENTS. THE TREASURY HAS STATED THAT CHECKS MAY BE RELEASED FOR PERSONS WHO MAY VISIT AN UNLISTED COUNTRY FOR THE PURPOSE OF COLLECTING PAYMENTS." THE VA LETTER GOES ON TO SAY THAT THESE "BENEFITS MAY BE AUTHORIZED ONLY IF THE CLAIMANT REQUESTS THAT THE CHECKS BE SENT TO HIM "IN CARE OF" A FOREIGN SERVICE POST IN AN UNLISTED COUNTRY."

4. THE VA LETTER STATES CATEGORICALLY THAT THESE
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RESTRICTIONS DO NOT APPLY TO VETERANS ADMINISTRATION BENEFICIARIES LIVING IN THE PRC WHO ARE UNITED STATES CITIZENS.

5. IT SEEMS, FROM THE REASONING OF CIRCULAR 655, THAT THE VA INFORMATION MAY BE CORRECT. IF A CLAIMANT EXITS THE PRC TEMPORARILY TO COLLECT PAYMENTS, THERE IS THE REASONABLE ASSURANCE THE BENEFICIARY WILL RECEIVE THE CHECK AND NEGOTIATE IT FOR FULL VALUE. ADDITIONALLY, WOULD THE BAN ON SENDING CHECKS TO US CITIZEN RESIDENTS OF THE PRC BAR THEM FROM RECEIVING IRS REFUND CHECKS WHILE WORKING, FOR EXAMPLE, AS A FOREIGN TECHNICIAN IN THE PRC.

6. RECENTLY A USLO SOCIAL SECURITY BENEFICIARY WAS NOTIFIED THAT SHE COULD NOT RECEIVE SSA CHECKS AT USLO'S STATE DEPARTMENT ADDRESS BECAUSE "UNDER TREASURYDEPARTMENT REGULATIONS WE CANNOTMAKE PAYMENTS TO RESIDENTS OF CHINA AT THIS TIME.

7. IN A SIMILAR VEIN, USLO'S FEDERAL BENEFITS FILE CONTAINS A MEMO TO THE FILES FROM CHARLES FREEMAN

DATED 2/5/74. THE MEMO STATES THAT EA/PRCM
REQUESTED L/M/SCA TO DO A LEGAL MEMORANDUM ON PROBLEMS
OF SOCIAL SECURITY BENEFITS TO PRC CLAIMANTS WHICH,
PRESUMABLY, HAVE BEEN PILING UP OVER THE DECADES.
DOES EA/PRCM HAVE A COPY OF L/M/SCA'S MEMO, IF ONE WAS DONE?
WOODCOCK

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Draft Date: 21 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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